



# **CEYLON LEATHER PRODUCTS PLC**

## **INTERIM FINANCIAL STATEMENTS**

**Year Ended 31 March 2011**

**CEYLON LEATHER PRODUCTS PLC –  
HIGH LIGHTS FOR YEAR ENDING 31 MARCH 2011**

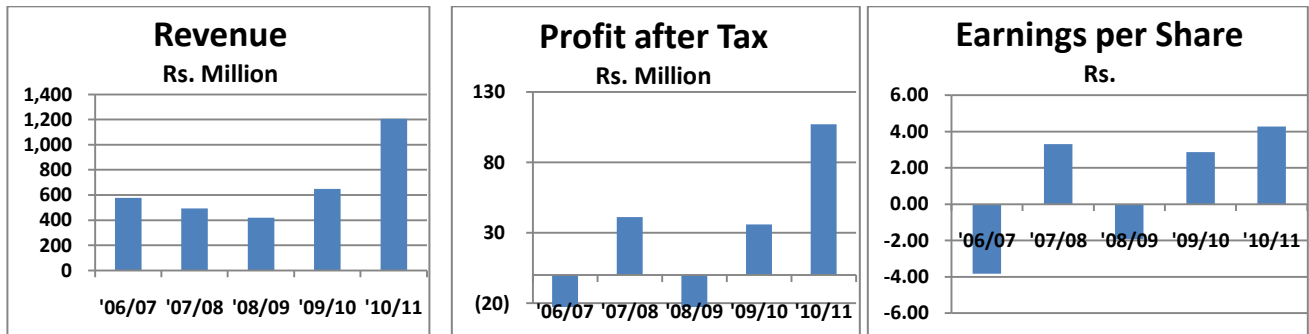
The growth in both Turnover and Profitability of the Company and the Group for the Financial Year ending 31 March 2011 is encouraging.

The Group Turnover for the year under review was Rs. 1,206 mn compared to Rs. 649 mn in the previous year 2009/10. This reflects an increase of 86% over the previous year.

During the period under review a gross profit of Rs. 345 mn was recorded compared to Rs. 215 mn in the previous year.

The profit after tax for the period was Rs. 107 mn, compared to the profit after tax of Rs. 36 mn during the year 2009/10.

**PERFORMANCE AT A GLANCE  
Year Ending 31 March:**



# Ceylon Leather Products PLC

## Balance Sheet

	GROUP		COMPANY	
	31 March 2011 Unaudited Rs' 000.	31 March 2010 Audited Rs' 000.	31 March 2011 Unaudited Rs' 000.	31 March 2010 Audited Rs' 000.
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment	1,727,735	868,586	902,719	868,586
Intangible Assets	2,370	2,765	2,370	2,765
Investment in Subsidiary	-	-	550,000	-
Investment in Associate	-	6,515	-	5,603
Other Investments	74,489	1,954	55,962	1,954
Goodwill on Consolidation	279,042	-	-	-
	2,083,635	879,820	1,511,051	878,908
<b>Current Assets</b>				
Inventories	1,021,783	114,981	164,398	114,981
Trade and Other Receivables	1,900,864	231,408	254,087	244,279
Short Term Investments	7,973	-	7,973	-
Income Tax Refunds due	683	65	-	-
Cash and Cash Equivalents	261,921	16,190	249,917	16,190
	3,193,224	362,644	676,375	375,450
<b>Total Assets</b>	5,276,859	1,242,464	2,187,426	1,254,358
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Stated Capital	1,037,500	125,000	1,037,500	125,000
Reserves	642,598	623,479	642,598	623,479
Retained earnings	227,022	126,330	235,372	138,963
Total Equity	1,907,120	874,809	1,915,470	887,442
Minority Interests	254,664	-	-	-
	2,161,784	874,809	1,915,470	887,442
<b>Non-Current Liabilities</b>				
Interest Bearing Loans & Borrowings	122,069	49,129	21,801	49,129
Defined Benefit Liability	44,175	30,202	31,686	30,202
Deferred Tax Liability	74,670	70,720	74,670	70,720
	240,914	150,051	128,157	150,051
<b>Current Liabilities</b>				
Trade and Other Payables	1,651,718	63,911	49,375	63,603
Income Tax Liabilities	42,716	21,969	41,492	21,538
Interest Bearing Loans & Borrowings	1,179,728	131,724	52,932	131,724
	2,874,162	217,604	143,799	216,865
<b>Total Equity and Liabilities</b>	5,276,859	1,242,464	2,187,426	1,254,358
<b>Net Assets Per share (Rs.)</b>	<b>76.28</b>	<b>69.98</b>	<b>76.62</b>	<b>71.00</b>

The above figures are provisional and subject to audit

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by.

S.S. Senaratne  
Managing Director/ CEO

Dr. Kosala Heengama  
Director

Colombo,  
30 May 2011

**Ceylon Leather Products PLC**  
**Income Statement**

	GROUP			COMPANY			GROUP			COMPANY		
	Quarter Ended		Variance	Quarter Ended		Variance	Year Ended		Variance	Year Ended		Variance
	31 Mar 2011	31 Mar 2010		31 Mar 2011	31 Mar 2010		31 Mar 2011	31 Mar 2010		31 Mar 2011	31 Mar 2010	
	Rs' 000.	Rs' 000.	%	Rs' 000.	Rs' 000.	%	Rs' 000.	Rs' 000.	%	Rs' 000.	Rs' 000.	%
Revenue (Gross)	338,248	227,971	48%	334,368	226,209	48%	1,206,584	648,649	86%	1,194,909	642,235	86%
Less - Taxes	(41,953)	(30,977)	-35%	(41,831)	(30,932)	-35%	(155,462)	(84,615)	-84%	(155,150)	(84,421)	-84%
<b>Revenue - Net</b>	296,295	196,994	50%	292,537	195,277	50%	1,051,122	564,034	86%	1,039,759	557,814	86%
Cost of Sales	(199,560)	(104,902)	-90%	(199,560)	(104,902)	-90%	(705,634)	(348,794)	-102%	(705,634)	(348,794)	-102%
Gross Profit	96,735	92,092	5%	92,977	90,375	3%	345,488	215,240	61%	334,125	209,020	60%
Other Operating Income (Note- 13)	2,513	2,238	12%	2,513	2,238	12%	27,344	4,788	471%	28,256	4,788	490%
Selling & Distribution Costs	(34,352)	(18,209)	-89%	(33,523)	(17,091)	-96%	(102,204)	(53,582)	-91%	(97,984)	(49,230)	-99%
Administrative Expenses	(16,097)	(28,619)	44%	(15,906)	(28,416)	44%	(77,735)	(67,569)	-15%	(77,355)	(67,232)	-15%
Other Expenses	(96)	-	-100%	(96)	-	-100%	(96)	-	-100%	(96)	-	-100%
Finance Cost	(4,598)	(7,670)	40%	(4,598)	(7,670)	40%	(25,332)	(35,421)	28%	(25,332)	(35,421)	28%
Finance Income	5,610	158	3451%	5,610	158	3451%	7,887	165	4680%	7,887	165	4680%
<b>Profit / (Loss ) before Tax</b>	49,715	39,990	24%	46,977	39,594	19%	175,352	63,621	176%	169,501	62,090	173%
Share of Profit of Associate	-	(970)	100%	-	-	100%	-	(970)	100%	-	-	100%
Income Tax Expense	(33,135)	(20,053)	65%	(32,483)	(19,663)	-65%	(68,299)	(26,753)	-155%	(66,731)	(26,363)	-153%
<b>Net Profit/(Loss) for the Period</b>	16,580	18,967	-13%	14,494	19,931	-27%	107,053	35,898	198%	102,770	35,727	188%
<b>Earnings Per share</b>	0.66	1.52	-56%	0.58	1.59	-64%	4.28	2.87	49%	4.11	2.86	44%

The above figures are provisional and subject to audit

## **Ceylon Leather Products PLC**

### **Cash Flow Statement**

<b>Year Ended</b>	<b>GROUP</b>		<b>COMPANY</b>	
	31 March 2011 Rs' 000.	31 March 2010 Rs' 000.	31 March 2011 Rs' 000.	31 March 2010 Rs' 000.
<b>Cash Flows From / (Used in) Operating Activities</b>				
Net profit before Income Tax Expense	175,352	63,621	169,501	62,090
Adjustments for				
Depreciation	30,885	28,349	30,885	28,349
Income from Investments	(7,887)	(165)	(7,887)	(165)
Profit on sale of Property, Plant & Equipment	(3,842)	(825)	(3,842)	(825)
Profit on Sale of Investment	(16,387)	-	(17,299)	-
Provision for Obsolete and Slow Moving Inventories	2,707	7,096	2,707	7,096
Provision for Doubtful Receivables	-	9,808	-	9,808
Fall in Value of Investments	96	-	96	-
Finance Costs	25,332	35,421	25,332	35,421
Provision for Defined Benefit Plans	5,449	5,000	5,449	5,000
Amortisation of Intangible Assets	395	395	395	395
Operating Profit/(Loss) before Working Capital Changes	212,100	148,700	205,337	147,169
(Increase)/ Decrease in Inventories	(49,438)	(33,866)	(52,124)	(33,866)
(Increase)/ Decrease in Trade and Other Receivables	(13,690)	(73,946)	(9,807)	(72,327)
Increase /(Decrease) in Trade and Other Payables	(16,334)	7,492	(36,326)	7,253
Cash Generated from Operations	132,638	48,380	107,080	48,229
Finance Costs	(25,332)	(35,421)	(25,332)	(35,421)
Defined Benefit Plan Costs	(3,965)	(3,483)	(3,966)	(3,483)
Income tax	(2,559)	(1,607)	(2,169)	(1,456)
Net Cash From/(Used in) Operating Activities	100,782	7,869	75,613	7,869
<b>Cash Flows from / (Used in) Investing Activities</b>				
Investment in Subsidiary Company	(708,153)	-	(550,000)	-
Other Investments	(62,077)	-	(62,077)	-
Proceeds from Sale of Investment	22,901	-	22,901	-
Acquisition of Property, Plant & Equipment	(65,355)	(7,966)	(65,355)	(7,966)
Proceeds from Sale of Property, Plant & Equipment	4,740	825	4,740	825
Interest Received	7,887	165	7,887	165
Net Cash Flows from/(Used in) Investing Activities	(800,057)	(6,976)	(641,904)	(6,976)
<b>Cash Flows from (Used in) Financing Activities</b>				
Proceeds from Right Issue	912,500	-	912,500	-
Expenses on Right Issue	(6,361)	-	(6,361)	-
Proceeds from Interest Bearing Loans & Borrowings	403,194	20,000	-	20,000
Repayment of Interest Bearing Loans & Borrowings	(497,331)	(111,120)	(68,968)	(111,120)
New Lease obtained	12,150	3,684	12,150	3,684
Net Cash Proceeds from Current Interest Bearing Loans & Borrowings	(46,943)	33,559	(46,943)	33,559
Principal Payment under Finance Lease Liabilities	(2,360)	(1,618)	(2,360)	(1,618)
Net Cash Flows from/(Used in) Financing Activities	774,848	(55,495)	800,018	(55,495)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	75,573	(54,602)	233,727	(54,602)
<b>Cash and Cash Equivalents at the beginning of the Year</b>	16,190	70,792	16,190	70,792
<b>Cash and Cash Equivalents at the end of the Year</b>	91,763	16,190	249,917	16,190
<b>Components of Cash &amp; Cash Equivalents</b>				
Cash & Bank Balances	32,121	16,190	20,117	16,190
Fixed Deposits	229,800	-	229,800	-
Bank Overdraft	(170,158)	-	-	-
<b>Total Cash Equivalents for the purpose of Cash Flow Statement</b>	91,763	16,190	249,917	16,190

The above figures are provisional and subject to audit

**Ceylon Leather Products PLC**  
**Statement of Changes in Equity**

<b>GROUP</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Accumulated Profit/(Loss) RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2010</b>	125,000	623,479	126,330	874,809
Proceeds From Rights Issue	912,500	-	-	912,500
Adjustment due to change in Income Tax Rate	-	19,119	-	19,119
Expenses on Right Issue	-	-	(6,361)	(6,361)
Net Profit For the Year	-	-	107,053	107,053
<b>Balance as at 31 March 2011</b>	<u>1,037,500</u>	<u>642,598</u>	<u>227,022</u>	<u>1,907,120</u>
<b>COMPANY</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Accumulated Profit/(Loss) RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2010</b>	125,000	623,479	138,963	887,442
Proceeds From Rights Issue	912,500	-	-	912,500
Adjustment due to change in Income Tax Rate	-	19,119	-	19,119
Expenses on Right Issue	-	-	(6,361)	(6,361)
Net Profit For the Year	-	-	102,770	102,770
<b>Balance as at 31 March 2011</b>	<u>1,037,500</u>	<u>642,598</u>	<u>235,372</u>	<u>1,915,470</u>

<b>GROUP</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Accumulated Profit/(Loss) RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2009</b>	125,000	623,479	90,432	838,911
Net Profit for the Year	-	-	35,898	35,898
<b>Balance as at 31 March 2010</b>	<u>125,000</u>	<u>623,479</u>	<u>126,330</u>	<u>874,809</u>
<b>COMPANY</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Accumulated Profit/(Loss) RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2009</b>	125,000	623,479	103,236	851,715
Net Profit for the Year	-	-	35,727	35,727
<b>Balance as at 31 March 2010</b>	<u>125,000</u>	<u>623,479</u>	<u>138,963</u>	<u>887,442</u>

The above figures are provisional and subject to audit

**Ceylon Leather Products PLC****Additional Notes to the Interim Financial Statements****For Year Ended 31 st March 2011**

1 These financial statements which are provisional and subject to audit are in compliance with the Sri Lanka Accounting Standard 35 and have been prepared in accordance with the accounting policies and method of computation disclosed in the Annual Report for the year ended 31 st March 2010.

<b>2 Share Prices for the Quarter ended</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Highest	Rs.130.00	Rs.133.00
Lowest	Rs.88.50	Rs.55.50
Last Traded Price	Rs 90.00	Rs 87.75

3 Number of shares represented in stated Capital -25,000,000

**4 Twenty Major Shareholders as at 31 st March 2011**

<b>Name of the Shareholder</b>	<b>No of shares held</b>	<b>%</b>
1 Environmental Resources Investment PLC	18,116,902	72.47%
2 Dr. Kasim Nader	434,300	1.74%
3 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	362,500	1.45%
4 Merchant Bank of Sri Lanka Ltd A/C No.1	289,300	1.16%
5 Mercator Associates LLC	256,700	1.03%
6 Pan Asia Banking Corporation PLC/Mr. W.P.A.S.Perera	139,800	0.56%
7 Mrs Chandrika Gammeddegoda Liyanage Shriyani	126,300	0.51%
8 DFCC Vardana Bank Limited/Mr.E.P.I. Fernando	121,587	0.49%
9 Dr. De Silva Sushil Rohantha	120,000	0.48%
10 Mr. M.P.W. Gunawardana	88,700	0.35%
11 Pan Asia Banking Corporation PLC/Mr. S.S.C.Fernando	85,000	0.34%
12 Pan Asia Banking Corporation PLC/Mr. C.N.Rajahmoney	84,500	0.34%
13 Mr.W.P.A.S.Perera	83,000	0.33%
14 Pan Asia Banking Corporation PLC/Mrs. M.M.C.Fernando	80,000	0.32%
15 Mr. H.K.J.Dharmadasa	75,000	0.30%
16 Waldock Mackenzie Ltd/Mr. L.P.Hapangama	70,000	0.28%
17 Merchant Credit of Sri Lanka Ltd	68,700	0.27%
18 Mr. Elayathamby Thavaganasooriyam/Mr.E.E Thavagnanasundaram	60,500	0.24%
19 Mr.S.H.Jayasuriya	53,037	0.21%
20 Piere Lanka Exports Private Ltd	50,000	0.20%

5 The public holding percentage as at 31st March 2011 27.53 %

<b>6 Directors Shareholdings</b>	<b>31/03/2011</b>
<u>Name of Director</u>	<u>No of Shares</u>
Mr. Lalith Heengama ( Chairman)	Nil
Mr. S. S. Senaratne (Managing Director/ Chief Executive Officer)	Nil
Dr. K. Heengama	Nil
Mr. G. S. Newsome	Nil
Mr. M. K. B. Dodamgoda	Nil
Mr. H.B. Dissanayake	Nil
Mr. Gamini S. Munasinghe	Nil

7 Shareholding by the Chief Executive Officer 31 March 2011  
No of Shares  
 Mr. S. S. Senaratne Nil

**Ceylon Leather Products PLC****Additional Notes to the Interim Financial Statements (Contd.)****For Year Ended 31 st March 2011****8 Twenty Major Warrant holders as at 31 st March 2011 - Warrant 2011 (WR2011)**

<b>Name of the Warrant holder</b>	<b>No of Warrants held</b>	<b>% held</b>
1 Environmental Resources Investment PLC	9,205,851	73.65%
2 Dr. Kasim Nader	187,000	1.50%
3 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/	175,300	1.40%
4 Mercator Associates LLC	163,600	1.31%
5 A.W. Mohottala	155,700	1.25%
6 Pan Asia Banking Corporation PLC/Mr. S.S.C.Fernando	115,000	0.92%
7 First Capital Markets Ltd / Mr. W.D.N.H.Perera	85,000	0.68%
8 C.N Rajahmoney	78,174	0.63%
9 G.T. Jayasinghe	61,200	0.49%
10 E.Thavagnanasooriyam / E.E.Thavagnanasundaram	60,500	0.48%
11 Pan Asia Banking Corporation PLC/Mr. M.N.Ranasinghe	56,200	0.45%
12 Pan Asia Banking Corporation PLC/Mr. N.Vandebona	52,200	0.42%
13 Seylan Bank PLC /Mr. D.N.H. Perera	43,000	0.34%
14 E.Thavagnanasundaram	35,200	0.28%
15 S.M.Masoor	32,505	0.26%
16 J.H.M.U.L. Herath	31,900	0.26%
17 Waldock Mackenzie Ltd/ MR.S.M.De Zoysa	30,900	0.25%
18 C.R.S.De Saram	30,000	0.24%
19 Ms. S.Gamage	29,800	0.24%
20 Pan Asia Banking Corporation PLC/Mr. A.W.Mohottala	28,700	0.23%

**Warrant Prices (WR2011) for the Quarter ended****31.03.2011**

Higest	Rs.36.00
Lowest	Rs.20.10
Last Traded Price	Rs.20.80

**9 Twenty Major Warrant holders as at 31 st March 2011 - Warrant 2014 (WR2014)**

<b>Name of the Warrant holder</b>	<b>No of shares held</b>	<b>% held</b>
1 Environmental Resources Investment PLC	18,411,702	73.65%
2 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/	381,500	1.53%
3 Dr. Kasim Nader	376,800	1.51%
4 Seylan Bank PLC /Mr. D.N.H. Perera	188,000	0.75%
5 S.M.B.C. Kandegedara	170,700	0.68%
6 Pan Asia Banking Corporation PLC/Mr. C.N.Rajahmoney	118,900	0.48%
7 Mercator Associates LLC	116,000	0.46%
8 Pan Asia Banking Corporation PLC/Mr. S.S.C.Fernando	116,000	0.46%
9 Pan Asia Banking Corporation PLC/Mr. M.N.Ranasinghe	102,800	0.41%
10 S.M.Masoor	78,510	0.31%
11 A.W. Mohottala	72,500	0.29%
12 S.P.Samaratunge / S.K. Samaratunge	72,000	0.29%
13 E.Thavagnanasundaram	70,400	0.28%
14 Ms.Y.S.Chandrasekera	68,900	0.28%
15 Pan Asia Banking Corporation PLC/Mr. H.H.A. Chandrasiri	68,000	0.27%
16 First Capital Markets Ltd / Mr. E.P.I.Fernando	67,374	0.27%
17 L.Pathirana	65,714	0.26%
18 M.M.M.Rizmy	65,400	0.26%
19 Perpetual Capital (Private) Ltd	64,000	0.26%
20 Waldock Mackenzie Ltd /Mr. L.P. Hapangama	61,600	0.25%

**Warrant Prices (WR2014) for the Quarter ended****31.03.2011**

Higest	Rs.27.00
Lowest	Rs.14.00
Last Traded Price	Rs.14.70



**Ceylon Leather Products PLC****Additional Notes to the Interim Financial Statements (Contd.)****For Year Ended 31 st March 2011****10 Twenty Major Warrant holders as at 31 st March 2011 - Warrant 2015 (WR2015)**

<b>Name of the Warrant holder</b>	<b>No of shares held</b>	<b>% held</b>
1 Environmental Resources Investment PLC	18,411,702	73.65%
2 Dr. Kasim Nader	416,000	1.66%
3 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C	409,600	1.64%
4 S.M.B.C. Kandegedara	220,600	0.88%
5 Mercator Associates LLC	151,700	0.61%
6 Pan Asia Banking Corporation PLC/Mr. C.N Rajahmoney	100,700	0.40%
7 S.Rajahmoney	100,000	0.40%
8 Waldock Mackenzie Ltd /Mr. L.P. Hapangama	97,600	0.39%
9 K.S.Jinadasa	90,200	0.36%
10 Pan Asia Banking Corporation PLC/Mr. N.Vandebona	86,900	0.35%
11 Perpetual Capital (Private) Ltd	81,100	0.32%
12 S.M.Masoor/R.R.Mashur	75,010	0.30%
13 E.Thavagnanasundaram	70,400	0.28%
14 S.C.R. Thambimuttu	67,338	0.27%
15 Pan Asia Banking Corporation PLC/Emagewise (Pvt) Ltd	59,138	0.24%
16 L.Pathirana	59,014	0.24%
17 Seylan Bank PLC /Mr. Zaki Alif	53,300	0.21%
18 Waldock Mackenzie Ltd /Mr. S.M.De Zoysa	51,900	0.21%
19 S.K.P. Wickramasooriya	50,000	0.20%
20 S.Gamage	50,000	0.20%

**Share Prices (WR2015) for the Quarter ended****31.03.2011**

Highest

Rs.26.10

Lowest

Rs.14.50

Last Traded Price

Rs.14.60

**Ceylon Leather Products PLC****Additional Notes to the Interim Financial Statements (Contd.)****For the Year Ended 31 st March 2011****11 Segment Information - Group (Geographical)**

	<b>31 March 2011</b>		
	<b>Local Sales</b>	<b>Export Sales</b>	<b>Total</b>
	Rs. 000	Rs. 000	Rs. 000
Total Segment Revenue - net of taxes	1,038,834	12,288	1,051,122
Total Revenue from External Customers	1,038,834	12,288	1,051,122
Operating Profit Segment Results (before finance cost)			165,453
Finance Cost			(25,332)
Finance Income			7,887
Finance Cost - Net			(17,445)
Other Income			27,344
Share of Profit / ( Loss ) of Associate			-
Profit/ (Loss) before Tax			175,352
Income Tax (Expense)/ Reversal			(68,798)
Net Profit/(Loss) For the Period			106,554

**Segment Information - Group (Geographical)**

	<b>31 March 2010</b>		
	<b>Local Sales</b>	<b>Export Sales</b>	<b>Total</b>
	Rs. 000	Rs. 000	Rs. 000
Total Segment Revenue - net of taxes	552,948	11,086	564,034
Total Revenue from External Customers	552,948	11,086	564,034
Operating Profit Segment Results (before finance cost)			94,089
Finance Cost			(35,421)
Finance Income			165
Finance Cost - Net			(35,256)
Other Income			4,788
Share of Profit / ( Loss ) of Associate			(970)
Profit/ (Loss) before Tax			62,651
Income Tax (Expense)/ Reversal			(26,753)
Net Profit/(Loss) For the Period			35,898

**12 Acquisition of Subsidiary During the Year**

South Asia Textiles Industries Lanka (Pvt) Ltd (SAT).

On 28 September 2010, the Company invested Rs.550,000,000.- in 383,060,660 convertible preference shares. Consequently on 28 March 2011 these shares were converted to 383,060,660 voting ordinary shares representing 51.55% of the voting rights.

The value net assets of SAT as at the date of acquisition were:

Total Identifiable Assets		Rs. '000
Net Assets Acquired	51.55%	525,621
Goodwill on Acquisition		279,042
Cash consideration paid on the acquisition of Subsidiary		550,000

## **Ceylon Leather Products PLC**

### **Additional Notes to the Interim Financial Statements (Contd.)**

#### **For the Year Ended 31 st March 2011**

##### 13 Other Operating Income

- (a) Previous interim financial reporting for the 9 months period ended 31 December 2010, the Company recognised Rs. 16.7 Mn as dividend income on preference share investment on accrual basis for the investments made South Asia Textile Industries (Pvt) Ltd (SAT). However, after subsequent review of the position, the management has taken a decision to derecognise the dividend income until we meet with “the right to receive the payment” criteria as per SLAS 29. Further, as mentioned in note 12 to these interim financial statements, the preferred shares invested in SAT have been converted to ordinary shares.

Therefore, the above change has been retrospectively adjusted to the opening reserves of 4th quarter of 2010/2011 and in the cumulative results of the company and the Group for year 2010/11.

- (b) Other Operating Income include Rs.16.4 Million being the capital gain on sale of 636,148 shares (47.9% stake) in Associate Company, Tan Lanka Limited at a consideration of Rs.22.9 Million.

##### 14 Other investments include Rs.54,007,452, being 6,000,828 shares in Dankotuwa Porcelain PLC. (Market Value as at 31 March 2011 : Rs. 359,449,597.-)

##### 15 A Rights issue of 12,500,000 shares, being one new ordinary share for every one existing ordinary share in the Company at a consideration of Rs.73.- per share as approved at the Extraordinary General Meeting held on 25 August 2010 was carried during the period under review. Total proceeds of amounting to Rs.912,500,000.- was reflected in the Stated Capital

Share Warrants were also attached to above rights as per the basis shown below:

- 12,500,000 Warrants: 01 Warrant for 01 Right, at an exercise price of Rs.102.- per share in year 2011.
- 25,000,000 Warrants: 02 Warrant for 01 Right, at an exercise price of Rs.118.- per share in year 2014.
- 25,000,000 Warrants: 02 Warrant for 01 Right, at an exercise price of Rs.142.- per share in year 2015.

New Ordinary shares & Warrants were listed on the CSE on 07 & 11 October 2010 respectively.

##### 16 No circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

##### 17 Where necessary, comparative figures have been re-classified to conform with the current period's presentation.

##### 18 There has not been significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 March 2010.